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Message Text

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ORIGIN OPIC-12

INFO OCT-01 EA-11 ISO-00 EB-11 /035 R

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DRAFTED BY: OPIC/F:BLBOSTWICK:GH
APPROVED BYC EB/IFD/OIA:MCKENNEDY
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EA/K:EKELLY
---------- 009991
R 242149Z JUN 74
FM SECSTATE WASHDC
TO AMEMBASSY SEOUL

UNCLAS STATE 135508

E.O. 11652: NA
TAGS: E/FIN, KS
SUBJECT: KOREA SEMICONDUCTOR, INC.

REF: STATE 131488

1. OPIC HAS BEEN REQUESTED BY SUDDUTH TO PROVIDE QUOTE POWER OF ATTORNEY UNQUOTE TO KOREAN PARTNER TO NEGOTIATE GUARANTY APPROVAL AND LOAN APPROVAL WITH ROKG. SUDDUTH HAS BEEN ADVISED BY SEPARATE TELEX THAT EMBASSY HAS AUTHORITY TO ACT ON OPIC'S BEHALF TO NEGOTIATE PRESENTLY REQUIRED APPROVALS. DO NOT UNDERSTAND HIS REQUEST FOR QUOTE POWER OF ATTORNEY UN-QUOTE FOR THESE PURPOSES. IS THIS NEW PROCEDURE?

2. EMBASSY REQUESTED TO NEGOTIATE REQUIRED GUARANTY AND LOAN APPROVALS ON OPIC'S BEHALF. EMBASSY MAY WISH TO CONSULT WITH JOON MO YANG, LOCAL ATTORNEY WHO IS BEING RETAINED TO REPRESENT OPIC ON THIS PROJECT. DETAILS OF LOAN AND GUARANTY ARE AS FOLLOWS:

A. OPIC REQUIRES UNCONDITIONAL PAYMENT GUARANTY FROM
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KOREA EXCHANGE BANK OR KOREA COMMERCIAL BANK FOR ITS LOAN OF

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UP TO ONE MILLION U.S. DOLLARS TO PROJECT. LOAN IS FOR EIGHT YEARS WHICH INCLUDES THREE-YEAR GRACE, WITH INTEREST AT NINE AND ONE-HALF PERCENT PER ANNUM, INTEREST PAYABLE SEMI-ANNUALLY DURING GRACE PERIOD AND PRINCIPAL AND INTEREST REPAYABLE SEMIANNUALLY AFTER GRACE PERIOD. PREPAY-MENT OF LOAN IS REQUIRED PARRI PASSU FOR ALL ANNUAL DIVIDENT PAYMENTS IN EXCESS OF FIFTEEN PERCENT OF PAID-IN EQUITY.

B. PROCEEDS OF OPIC LOAN TO KSI TO BE USED TO (I) REIMBURSE ICII FOR DEVELOPMENT EXPENSES UP TO TWO HUNDRED SEVENTY-SIX THOUSAND DOLLARS AND (II) BALANCE FOR RAW MATER-IALS, U.S. MACHINERY AND EQUIPMENT, AND SOME LOCAL COSTS.

3. PLEASE ADVISE STATUS, WHAT ADDITIONAL PROCEDURAL STEPS SHOULD BE FOLLOWED BY OPIC TO CLOSE LOAN, AND IF FURTHER INFOR-MATION IS REQUIRED.

4. PLEASE PASS TO JOON MO YANG FOLLOWING:

QUOTE OPIC WISHES RETAIN YOUR SERVICES AT DOLS 30 PER HOUR (2,500 DOLS MAXIMUM) FOR LEGAL ASSISTANCE AND FORMAL OPINION IN CONNECTION OPIC LOAN OF DOLS 1 MILLION TO KOREA SEMICONDUCTOR, INC. LETTER THIS EFFECT AND DRAFT LOAN AGREEMENT TO BE FORWARDED SOONEST. LOAN SECURITY NOW SOUGHT BY OPIC IS KEB OR KCB GUARANTY. YOU MAY BE CONTACTED BY EMBASSY FOR HELP NEGOTIATING GUARANTY. PLEASE LEND ASSISTANCE WHICH WILL BE COVERED OPIC CONTRACT. HAVE YOUR CABLE ADDRESS AS YANGLAW. PLEASE LET US KNOW IF YOU CAN BE CONTACTED BY TELEX. OPIC TELEX ADDRESS QUOTE OPIC WSH 89-2310 UNQUOTE. OPIC LAWYER THIS MATTER - JAMES R. OFFUTT. UNQUOTE KISSINGER

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Decaption Date: 01 JAN 1960
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Disposition Authority: n/a
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